

# NEWS RELEASE

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## **Riverton Man Pleads Guilty to \$8 Million Real Estate Scheme**

Urbana, IL - The United States Attorney for the Central District of Illinois, Rodger A. Heaton, announced that Frank Kelly Ciota, age 45, of Riverton, Illinois entered pleas of guilty today to charges he participated in an \$8 million-dollar real estate "flipping" scheme in Decatur and Springfield. Chief U.S. District Judge Michael P. McCuskey scheduled sentencing for August 4, 2006, at 1:00 p.m.

During today's court proceedings Ciota admitted to the charges as alleged in a superseding indictment filed in August 2005. Ciota admitted that he participated in the scheme, which began in 1999 or before, and continued into 2005, and involved more than 150 fraudulent real estate sales and financing transactions in Springfield and Decatur, Illinois. Ciota admitted that he and co-defendant, Gary Knox, 60, of Decatur, allegedly obtained more than \$3 million for their personal use and to promote the ongoing scheme while another co-defendant in the case, Dennis Wiese Jr., 38, of Belleville, Illinois, received fees of \$350 to \$450 per appraisal.

Knox and Wiese are scheduled for change of plea hearings before Judge McCuskey in Urbana on Wednesday, April 19, 2006, at 1:30 p.m. and 3:00 p.m. respectively. The public is reminded, however, that an indictment is merely an accusation; the defendants are presumed innocent unless proven guilty.

Ciota pled guilty to one count of bank fraud, one count of wire fraud, five counts of mail fraud, and one count of conspiracy to commit money laundering. Ciota, who was not a licensed real estate broker or salesperson, admitted that among his victims were his relatives, a married couple, whom he advised of investment opportunities in rental real estate.

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The couple provided financial information to Ciota who falsely represented to them that they qualified for financing to purchase 12 to 20 houses, resulting in their being the unwitting buyers of 12 properties, including four in Springfield that were purchased within a three-day period in November 2002 for a total of \$229,500. On November 5, three of the properties, located at 830 S. 12<sup>th</sup> Street; 1320 S. 13<sup>th</sup> Street, and 1305 South Grand Avenue East, were purchased by the couple, without their knowledge or approval. The fourth property, at 821 S. 14<sup>th</sup> Street was sold to the couple on November 8, 2002, also without their knowledge or approval.

The charges are the result of an investigation by the Federal Deposit Insurance Corporation's (FDIC) Office of Inspector General, Western Region; the U.S. Postal Inspection Service, Chicago Division; and the Federal Bureau of Investigation, Springfield Division. The Illinois Department of Financial and Professional Regulation, Division of Banks and Real Estate, also provided assistance in the investigation. The government is being represented by Assistant U.S. Attorney Timothy A. Bass.

At sentencing, each offense of bank fraud, mail fraud and wire fraud carries a maximum statutory penalty of up to 30 years imprisonment and a fine of \$1,000,000. The maximum statutory penalty for the offense of conspiracy to commit money laundering is 20 years in prison and a fine of \$500,000.

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